COLUMBIA BASIN TRUST

Service Plan
2004-2006
Amended

February 4, 2003

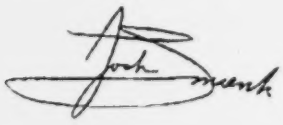
20 January 2003

The Honourable Richard Neufeld
Minister of Energy and Mines
Province of British Columbia

Minister:

On behalf of the Board of Directors and staff of the Columbia Basin Trust, I have the honour to submit for your approval the Service Plan for the year ending March 31st, 2004.

Yours sincerely,



Josh Smienk
Chairman of the Board of Directors
Columbia Basin Trust

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CEO REPORT

This service plan marks the beginning of the next stage of the evolution of the Columbia Basin Trust. The Board of Directors adopted the Columbia Basin Management Plan in 1997, and moved quickly to begin the implementation of the plan. We have now had five years experience in the operation of the plan and the delivery of benefits to the region. Over that time we have delivered $17,345,647 in benefits to the communities of the Basin and we have invested $33,229,196.67 directly in business opportunities within the Basin. We have worked with hundreds of volunteers and with many partner organizations in the delivery of both spending and investment benefits. We have built a strong and efficient organization with a presence in communities throughout the Basin. Much has been accomplished in a short period of time, and yet we understand the high expectations of the residents and will continue to work diligently to improve on all levels as we try to fulfill the amazing trust placed with us by the people of the Basin.

After five years it was necessary for the organization to take some time to reflect on the five years of program delivery and to look for ways to better focus and prepare ourselves for the next five years. Following an in-depth external evaluation process, a series of community meetings throughout the Basin, and months of work by staff/Board working groups, the CBT held a Board/staff planning meeting in December of 2002 to review accomplishments to date and to plan for the future.

The mission statement of the CBT is: "The Columbia Basin Trust supports efforts by the people of the Basin to create a legacy of social, economic and environmental well-being and to achieve greater self-sufficiency for present and future generations." To do this effectively requires an approach to communities that builds capacity within those communities rather than creating dependencies on external resources or funding bodies. The Board of Directors has given clear direction to the organization to begin to evaluate current and future programs to ensure they are consistent with the mission statement and contribute to greater self-sufficiency.

As instructed by the residents, the Board also reviewed the Columbia Basin Management Plan. We will be coming forward with a revised plan that will be shorter, clearer and presented in a manner that allows the plan to be used in all operational planning at the CBT. The direct link between the plan and our planning processes will lead to even greater accountability to the residents of the region.

We are continuing to work with provincial government representatives to complete the Core Review process. While the discussions are not yet completed, we are working in a collaborative manner and anticipate a positive conclusion within the next few months. Any necessary changes brought about by a final agreement will be built into this service plan as appropriate.

We are excited about the future and look forward to working with the residents of the Basin to move forward in implementing the grand vision of CBT.

Don Johnston
Chief Executive Officer

CORPORATE HISTORY AND OVERVIEW

In 1964, Canada and the U.S. ratified the ***Columbia River Treaty (CRT)***. Storage dams, created for the purposes of maximizing flood control and power production in both Canada and the U.S., were constructed and the resulting reservoirs flooded valleys in the Canadian Columbia Basin. Local residents were adversely affected, both in terms of the original displacement, loss of community and loss of arable land, and through the ongoing negative effects of the dams, in particular: climate change, loss of grazing land for large ungulates, water level fluctuations of up to 140 feet, dust storms, and municipal boat docks being located 20 km from water at low water times among other impacts.

In the early 1990s, the people of the Columbia Basin requested that the Province recognize that while British Columbia realized the benefits from the Treaty, the negative effects fell upon the Basin and its residents. In response, the Columbia Basin Trust (CBT) was created in 1995 in Keeping with the ***Columbia Basin Trust Act***. The geographic region of interest for the CBT is the watershed of the Columbia River as it drains into the Columbia River within Canada, most of which the area was impacted by the building of the CRT dams.

GOVERNANCE

The CBT is a regional Crown Corporation, although the enabling legislation states that it is not an agent of the Provincial government. A Board of eighteen (18) Directors governs the CBT, with local governments (i.e., five regional districts and the Ktunaxa-Kinbasket Tribal Council) each selecting two directors and the Provincial government appointing six Directors all of whom must be Basin residents. These Directors provide policy direction according to the Columbia Basin Management Plan (CBMP), which was developed through broad public consultation with Basin residents. The Chief Executive Officer, in turn, is responsible for operational matters, performance review, and evaluation. Appendix A includes an organization chart that highlights the functional areas and lines of responsibilities

CORE BUSINESS AREAS AND ACTIVITIES

The primary business of the CBT is to invest the funds granted to it through the ***Columbia Basin Trust Act*** and the subsequent ***Financial Agreement*** dated July 27th, 1995. The CBT has endowment capital of $45M, with another $250M, payable in $50M annual installments, commencing in 2001, to be invested in power projects in the region, and additional $32M in sixteen annual installments of $2M for operating costs in the developmental years.

There are four core business areas through which investments and expenditures are made, and activities carried out, namely:

- Investment of the endowment capital to (a) protect the capital and (b) provide income to deliver benefits to the people of the region

- Investment of the power capital in power projects in the region as part of a joint venture partnership with the Province of British Columbia through its agent, the Columbia Power Corporation (CPC). Projects are developed jointly through Power Project Planning Joint Ventures, with both parties having a veto.

- Delivery of benefits to the people of the region to foster social, environmental and economic well-being.

- Corporate services that provides for the maintenance of effective and efficient operations through the conduct of periodic planning, monitoring, accounting and evaluation activities as well as the provision of ongoing administration, technology and human resource services.

In each of these core business areas, the CBT performs a stewardship role protecting the public interest and ensuring due diligence and accountability of public funds. Table A provides an overview of this year's current staffing and funding for each of its business areas.

Table A: Business Overview

Funding	Core Business Areas	Service Allocation	Expenses
Provincial Government, investment in power projects $50M	Management of Power Joint venture investment activities (2 FTEs)	$50M invested in power projects	Corporate Operations $3.4M
Income from $45M non-power Investments	Management of non-power investments (2 FTEs)	$45M invested in region to industry standards	
Income from Power Investments	Delivery of benefits to region (9 FTEs)	$3.75 M delivered in benefits to region	
Provincial government contribution of $2 M for operations support	Corporate Services: Administration, Information Technology; Monitoring and Evaluation; Communications Accounting (15 FTEs)		

STRATEGIC CONTEXT

VISION

The Columbia Basin is a place where social, environmental and economic well-being is fostered, where collaborative relationships and partnerships exist among stakeholders and form the basis for social and economic activities, and where the economy is diverse, resilient and energized.

MISSION

The Columbia Basin Trust invests capital, manages assets and expends investment income in support of efforts by the people of the Basin to create a legacy of social, economic and environmental well-being, and to achieve greater self-sufficiency for present and future generations.

VALUES

A set of values governs the management and operations of CBT and consists of:

Inclusiveness:

- Include the people of the Basin in planning and decision-making.

Collaboration:

- Collaborate with the public and other agencies and organizations.

Respect for diversity:

- Respect the history and diversity of the people and communities of the Basin.

Responsibility:

- By taking into account Basin residents' economic, environmental, social and sustainability values, maximize benefits while minimizing negative impacts.

PLANNING AND OPERATIONS CONTEXT

The Columbia Basin, along with the rest of the province and the country, as well as globally, has been subject to forces of change. These changes have created both opportunities and challenges for the CBT that impact upon its ability to achieve the vision, goals and objectives as identified in this plan. The following outlines the internal and external forces and influences that affect the region and the work of CBT.

External Environment

The external challenges and opportunities with which CBT is faced, and that need to be accounted for in the formulation of strategies, can be categorized into the following factors:

- Local economy as affected by the softwood lumber dispute and results of terrorism
- Infrastructure
- Financing
- Fiscal pressures facing government
- First Nations' Treaty Process
- Basin residents' perceptions and challenging expectations
- Urban/rural Debate within the Basin

Economy

The main industries within the Columbia Basin are forestry and related businesses, tourism and mining. These have all been affected, to varying degrees, by the softwood lumber dispute, mining regulations and terrorist activities. Government cutbacks have also eliminated many high-paying jobs in the area, which has had a direct impact on businesses within the area. If not addressed in

terms of assisting with continued diversification in business activity, labour market development and promotion of the region's advantages and assets, further losses in business activity, income and investment may be witnessed.

CBT is working with Basin businesses to seek opportunities to diversify Basin economies from the traditional reliance on primary industries.

Infrastructure

There remains a general lack of communication technology infrastructure within the region that acts as a barrier to the establishment of high technology industries. Another major criterion that influences business decisions regarding location and investment is the quality of transportation infrastructure. Within the Columbia Basin, difficult winter driving conditions coupled with high passes and narrow roads act as a barrier in this regard. Lack of proper facilities at local airports also limit reliable travel. In combination, and if not addressed through new investment and development activities, these factors can act to prohibit new business activity and increased tourist travel to the region.

Most Basin communities have a history of strong local governments, providing for basic infrastructure and lifestyle opportunities, which have attracted new residents to the Basin. CBT is working with telecommunications organizations to provide broadband internet access to the Basin.

Finance

There remains a general reluctance on the part of traditional commercial lending institutions to lend money to new and expanding businesses in Southeastern BC. While CBT is able to somewhat offset this reality by making capital available to businesses in the Basin, we are limited both by the size of our investment pool and by the current low interest rates. We actively monitor our investments to ensure we have a balanced portfolio with an appropriate risk profile, while still assisting businesses and commercial ventures to expand or maintain their operations.

As a result of the reluctance of the traditional lenders to provide sole access to capital needed by Basin businesses, an important role for CBT has been created. There is considerable opportunity for the CBT to become a local partner for many Basin businesses, which has and will in the future attract capital to the region.

Government

The Provincial Government's fiscal priorities have resulted in cutbacks, layoffs and hospital and school closures in the region, in addition to the imposition of fees that were not previously experienced by residents (e.g. inland ferries). While neither CBT's mandate nor its current income allow it to ameliorate the above, Basin residents nevertheless look to the CBT for solutions to these problems. The CBT must therefore manage this risk of public perception of responsibility through its advocacy, partnership building and outreach efforts.

While CBT is presented with the challenge of identifying its appropriate role in the region with regards to services that were once provided by other levels of government, it also has the opportunity to work with Basin communities, organizations and residents to re-examine traditional ways of meeting residents' needs and designing new ones.

Basin Residents' Perceptions and Challenging Expectations

Basin residents have become aware of CBT and as that awareness has grown so to have their perceptions and expectations of CBT. Their perceptions of the organization is that it is purely a funding organization and this has implications on what CBT can/will do. In addition, their expectations of what can be done often exceed the limited resources of the organization and the expectations they have may be contradictory in nature (people are attracted to the rural lifestyle but expect all amenities). Our challenge is to determine what constitutes the crucial issues for Basin residents, develop indicators for these critical areas; find ways to measure them and then focus our efforts on them. Some possible indicators are:

- Impact on financial health and self sufficiency of the Basin
- Impact on environment
- Impact on the Basin's 'small town character'
- Impact on the personal security of Basin residents

This challenges CBT to look beyond the organization's economic and political environment and keep asking the question "Why are we in the Basin".

First Nations Treaty Process

Like other regions of B.C. the Columbia Basin is home to a number of First Nations, the largest being the Ktunaxa-Kinbasket. The Ktunaxa-Kinbasket peoples are engaged in the tripartite treaty process, the outcomes of which will present challenges and opportunities for CBT. Ktunaxa-Kinbasket Tribal Council representation on the CBT Board will enhance our ability to respond to these challenges and opportunities, as they become known.

Urban/rural Debate within the Basin

Basin culture is not homogeneous and the implications of this diversity is substantial in the context of CBT moving toward a capacity building approach to program and service delivery.

Internal Environment

The key challenges and opportunities within CBT's internal environment that influence planning include:

- Establishing priorities as needs of the region change
- Successfully managing change
- Responding to priorities emerging through the Provincial Core Services Review
- Maintaining income levels while safeguarding capital and stimulating the economy of the region
- Working with partners and delivery agents while maintaining control of, and fiscal responsibility for, the programs and their outcomes
- Availability of information on Basin Communities
- Broadness of the Organization

Establishing Priorities

The guiding priorities established in the Columbia Basin Management Plan are fairly broad and must be focused in order to provide effective direction to the CBT Board, executive, management and staff.

In keeping with a prudent approach to management and investment decision-making, it is necessary for the CBT to establish and communicate throughout the organization a clear set of strategic and operational priorities.

Because the Columbia Basin Management Plan was citizen driven, it provides a strong and resilient foundation for the work to be undertaken in establishing these priorities.

Successfully Manage Change

Just as Basin residents must be informed of changes, the Board and staff of the CBT must adapt to and cope with the need for change. Change presents all organizations with both challenges and opportunities. Therefore close attention must be paid to business activities, management style, methods and processes in order to strengthen and improve the programs and services that the CBT delivers.

Core Review Process

The CBT continues to be subject to the Provincial government's Core Services Review process, which is a comprehensive examination of its rationale, governance and services. This Service Plan, therefore, may be amended based on further policy direction from the Provincial government and the outcome of the Core Services Review. These amendments will reflect the way CBT will address the challenges and take advantage of the opportunities coming out of the decisions in the Core Services Review process.

Endowment Capital Tensions

The investment of the endowment capital of the CBT has to combine safeguarding the capital while investing in the Basin, with the side effect of stimulating the economy, together with providing an income for the Delivery of Benefits program. A set of guiding principles for the investment program is being reviewed by the Board of Directors while this plan is being written.

Working with Partners

The Columbia Basin Management Plan directs that, where possible, CBT work with partners and agents in the delivery of its programs. However, as noted earlier, Basin residents hold the CBT ultimately responsible for all of its programs and their outcomes. The CBT is working therefore to establish a planning framework that will enable the organizations with which it works to comply more easily with CBT's overriding values, principles and priorities, while at the same time taking advantage of the opportunity for greater coordination in achieving collective goals that working together with other Basin organizations brings.

Availability of Information on Basin Communities

There is a lack of information available on Basin communities and the diversity between them. This knowledge is key to effective community capacity building as it tells what is unique in various Basin communities and where those communities are in terms of hopes and aspirations.

Broadness of the Organization

CBT has attempted to be many things to many people. It must set priorities to focus resources and help us decide what are the key Basin quality of life indicators that must be nurtured and protected.

It is clear that there are both opportunities to be leveraged and challenges to be mitigated within the mandate and resources of the CBT. The CBT must build on these opportunities and address the challenges as it supports and develops the social, economic and environmental well-being of the region within a rapidly changing regional, provincial, national and international context.

STRATEGIC DIRECTION

The Columbia Basin Trust is still undergoing the core service review process and as such its strategic direction is based on the status quo in terms of the core review. There may be change when the process is completed.

The following outlines the goals, objectives, strategies, performance measures and targets for the Columbia Basin Trust for the period 2003-2006. These planning components will guide the core strategic elements of the organizations, specifically the **Investment Program**, **Delivery of Benefits**, and **Corporate Services**.

STRATEGIC ELEMENT	STRATEGIC GOALS
INVESTMENT PROGRAM	1. Diversified and stable economic base that is comprised of a range of viable business ventures. 2. Greater capacity for future investments and expenditures. 3. Greater awareness of the region and its assets for its economic potential to be realized. 4. Stable income for the Delivery of Benefits program.
DELIVERY OF BENEFITS	1. Enhanced self-sufficiency in communities and at an individual level. 2. Support development of youth in the Basin 3. Enhanced social, economic, environmental, educational and cultural well-being of the communities and Basin. 4. Enhanced ability by CBT to participate in or assist with Basin wide, cross-sectoral and/or larger initiatives.

CORPORATE SERVICES	1. Informed residents and businesses within the Basin 2. Demonstrated accountabilities, effectiveness and transparency in the operations of the Columbia Basin Trust. 3. Streamlined and responsive delivery of services and access to information. 4. Columbia Basin Trust staff and partners are motivated to work together to achieve best results.

STRATEGIC AREA 1 – INVESTMENT PROGRAM

Columbia Basin Trust is a joint venture partner with Columbia Power Corporation and is mandated with the governance and management of power related investments through its subsidiary Columbia Basin Trust Energy Inc. (CBTE). The strategic direction including the goals, objectives, strategies and performance measures for CBTE is included in Appendix B (CBTE Service Plan). This section of the CBT service plan outlines only the non-power investment goals and objectives.

Goals:

1. Diversified and stable economic base that is comprised of a range of viable business ventures.
2. Greater capacity for future investments and expenditures.
3. Greater awareness of the region and its assets for its economic potential to be realized.
4. Stable income for the Delivery of Benefits program.

OBJECTIVE 1

Investment ***To generate revenue from power and non power investments***

Strategies

- To generate market-rate based returns on investments
- Create and implement investment policies and procedures using the recommendations from the Watson Wyatt World Wide* report commissioned to move the CBT to investment decision-making based on private sector standards
- Applying private sector standards in the review of investment proposals and carry out due diligence on candidates outlined in the WWW consultant report.
- Maintain an oversight function for current investments

Performance Measures

	Targets		
	2003-2004	*2004-2005*	*2005-2006*
• Yield on investment	5 % ROR on gross revenue excluding Venture Capital returns	TBD consistent with WWWW policy and procedures after implementation	TBD consistent with WWWW policy and procedures after implementation

*CBT employed the services of Watson Wyatt World Wide Consulting to assist in developing an investment decision-making and management process that would enable CBT to manage its investment program consistent with private sector standards. This management process and the set of policies and procedures to support it are in the final stages of development, and will be implemented prior to the end of FY04.

OBJECTIVE 2

Investment ***To enhance access to capital for businesses in the Basin***

Strategies

- Serve as a local partner using CBT investment funding to allow for investment opportunities to come to fruition.
- Maintain relationships with financial institutions to provide access to leveraged capital.
- Build and maintain relationships with provincial, national and international investors to attract new capital to the region.

Performance Measures	*Targets* 2003-2004	2004-2005	2005-2006
• Partner and business clients satisfied with CBT's facilitation role	Develop means to gage satisfaction	Maintain satisfaction	Maintain satisfaction

STRATEGIC AREA 2 - DELIVERY OF BENEFITS

Please note that there are significant differences in what is reported in this strategic area compared to what was reported in the service plan for FY03. We learned from that service plan that we were reporting at a much more detailed level than was appropriate, this service plan focuses more appropriately on our corporate level activities.

The goals, objectives, key strategies outlined below encompass all our programs and initiatives in an undifferentiated way but we have two key initiatives, our support of telecommunication infrastructure and our leadership in the Basin water initiatives, about which public interest may be high enough to warrant the inclusion of more detailed information. As a result we have provided this additional information in Appendix C.

Goals:

1. Enhanced self-sufficiency of communities and individuals
2. Support development of youth in the Basin
3. Enhance or strengthen the social, economic, environmental, educational and cultural well being of the Basin and its communities
4. Enhanced ability of CBT to meet, and participate in, Basin wide, cross-sectoral and/or larger initiatives

OBJECTIVE 1

Delivery of Benefits

To effectively gain and apply knowledge on resident, community, regional and sectoral priorities and issues.

Strategies

- Arrange and attend meetings with groups, agencies and industry representatives in Basin communities as needed or requested.
- Ensure availability of staff in regional offices to hear from and provide information to residents coming into office.

Performance Measures

	Targets		
	2003-2004	*2004-2005*	*2005-2006*
• % of community liaison staff time devoted to working with communities	15 percent	20 percent	20 percent

OBJECTIVE 2

Delivery of Benefits

To support cultural, economic, environmental, education, and social initiatives that address the priorities in the Basin and Basin communities.

Strategies

- Design and develop programs to administer funds in the sector initiatives funding envelopes
- Provide an oversight function and administrative support to local government other program delivery partners
- Provide and improve administrative and financial support for the programs which support Basin wide, cross-sectoral; capacity building and/or larger initiatives
- Develop and implement communication strategies that provide Basin residents and organizations with knowledge of the funding and programs
- Develop and implement program evaluation plan to ensure CBT programs are evaluated on a regular basis (see Strategic Area 3 Objective 3 strategy 1)

Performance Measures

		Targets	
	2003-2004	*2004-2005*	*2005-2006*
• Percentage of Basin residents satisfied that CBT programs and funding are addressing Basin and community priorities	Baseline to be established	Increase by 10%	Increase by 10%

• The percentage of programs that are evaluated each year	Program evaluation plan developed by Fall 2003	% of program evaluations conducted consistent with plan	% of program evaluations conducted consistent with plan

OBJECTIVE 3

Delivery of Benefits

To provide leadership, recognition and mentoring opportunities for the Basin youth.

Strategies

- Provide opportunities for youth to engage in funding projects.
- Develop and disseminate information by and for Basin youth.
- Provide an oversight function for delivery partners and/or programs which encourage youth involvement in community service
- Advertise youth community service award and adjudicate applications from youth applying for award for community service

Performance Measures

	Targets		
	2003-2004	***2004-2005***	***2005-2006***
• Number of youth engaged in CBT youth initiatives	112	*130*	*130*
• Number of youth involved in community service	125	*150*	*150*

OBJECTIVE 4

Delivery of Benefits

To convene, coordinate, facilitate and/or engage in public education for Basin residents, organizations and agencies

Strategies

- Ensure that staff is available to work with key stakeholders and to attend/arrange meetings as requested, or when the need becomes apparent. Establish protocols for accessing and engaging staff.

Performance Measures

	Targets		
	2003-2004	***2004-2005***	***2005-2006***
• % of staff time devoted to convening, coordinating, facilitating and/or engaging in public education	15 percent	20 percent	20 percent

STRATEGIC AREA 3 - CORPORATE SERVICES

Goals:

1. Informed residents and businesses within the Basin.
2. Demonstrated accountabilities, effectiveness and transparency in the operations of the Columbia Basin Trust.
3. Streamlined and responsive delivery of services and access to information.
4. Columbia Basin Trust staff and partners are motivated to work together to achieve best results

OBJECTIVE 1

Corporate Services

To strengthen communication with Basin residents and organizations.

Strategies

- Provide CBT program and financial information to regional and community stakeholders
- Provide opportunities for feedback from Basin residents on priorities.
- Work with 5 sector committees, staff and delivery partners to ensure that CBT programs are being effectively communicated.
- Provide for electronic access to CBT applications, forms and reports.

Performance Measures

	Targets		
	2003-2004	*2004-2005*	*2005-2006*
• % of Basin residents informed about CBT and providing feedback to CBT	Baseline to be established by survey in Spring 03	TBD after baseline established	TBD after baseline established
• The percentage of on-line applications received	15	20	25

OBJECTIVE 2

Corporate Services

To maintain or improve the level of accountability to the Basin residents, government and other stakeholders.

Strategies

- Monitor organizational performance through established performance measures
- Develop and implement accountability structure(s) for delivery agents/partners.
- Comply with Budget Transparency and Accountability Act.
- Publish all corporate plans, and performance reports on the organization's web site.

Performance Measures	*Targets*		
	2003-2004	***2004-2005***	***2005-2006***
• Monitoring and evaluation framework developed	Framework in place summer 2003	Programs and activities are monitored and evaluated consistent with framework	Programs and activities are monitored and evaluated consistent with framework
• Performance measurement mechanisms developed from monitoring and evaluation framework	Mechanisms developed in Fall 2003	Mechanisms are utilized consistent with monitoring and evaluation framework	Mechanisms are utilized consistent with monitoring and evaluation framework
• BTAA reporting requirements	All reports under Budget Transparency and Accountability Act (BTAA) filed as required.	Service plan and Annual report filed	Service plan and Annual report filed

OBJECTIVE 3

Corporate Services ***To enhance management and program decision-making.***

Strategies

- Evaluate programs and complete review of delivery model and implement changes to improve delivery of benefits to Basin residents: review of delivery model(s) on a periodic basis
- Identify and implement procedural and process streamlining opportunities
- Review and update the Columbia Basin Management Plan

Performance Measures	*Targets*		
	2003-2004	***2004-2005***	***2005-2006***
• Program and delivery model evaluation plan developed	Program and delivery model evaluation plan developed by Fall 2003	Evaluations conducted consistent with plan	Evaluations conducted consistent with plan

OBJECTIVE 4

Corporate Services ***To provide for an efficient, skilled, productive and healthy staff.***

Strategies

- Develop and implement a plan to comply with the new requirements of the Employment Standards Act to improve the balance between work and non work for CBT employees

- Utilize technology to increase employee's productivity and efficiency.
- Utilize communication technologies to eliminate space and time barriers in the daily work of the CBT staff.
- Engage in strategic planning, monitoring and evaluation to ensure shared work-plans.
- Engage in employee development activities to ensure a productive and efficient staff.

Performance Measures

	Targets		
	2003-2004	***2004-2005***	***2005-2006***
• Employee health and wellness plan is implemented	Implement plan by summer 03	Health and wellness initiatives conducted consistent with plan	Health and wellness initiatives conducted consistent with plan
• Percentage of employees participating in the program.	50	60	80
• Percentage of employee indicating an increase in their productivity and efficiency as a result of organizational initiatives	After employee survey in summer 2003	10 percent increase	5 percent increase from previous year

OBJECTIVE 5

Corporate Services

To create and maintain a motivating and positive working environment.

Strategies

- Host bi-weekly staff teleconference meetings, a bi-annual face-to-face meeting with all staff, and an annual staff retreat.
- Design and implement employee development plans including performance reviews, and professional development opportunities.
- A commitment to non-traditional and flexible approaches to work.
- Through effective leadership, promote an organization structure that builds trust and autonomy, and respects diversity.

Performance Measures

	Targets		
	2003-2004	***2004-2005***	***2005-2006***
• Percentage of employees satisfied with their working environment.	Baseline to be established after employee survey – Summer 2003	TBD after baseline is established	TBD after baseline is established

ALIGNMENT TO THE GOVERNMENT'S STRATEGIC PLAN

The Columbia Basin Trust is accountable to the residents of the Basin. However, as a regional Crown Corporation funded through a financial agreement with the Province the CBT ensures that its Service Plan is consistent with the Province's Strategic Plan.

Because of the CBT's regional focus, it's Vision for the Basin is a microcosm of, and therefore directly aligned with, the Vision for the Province.

The Provincial Strategic Plan three primary goals areas include:

1. A strong and vibrant provincial economy
2. A supportive social infrastructure.
3. Safe, healthy communities and a sustainable environment.

The following outlines the consistency between the goals of the CBT and those of the Province:

PROVINCIAL STRATEGIC GOAL	CORRESPONDING CBT GOALS
A strong and vibrant provincial economy	• Diversified and more stable economic base that is comprised of a range of viable business ventures. • Greater capacity for future investments and expenditures. • Greater awareness of the region and its assets for its economic potential to be realized • A stable income for the Delivery of Benefits program. • Increased employment and business activity in communities.
A supportive social infrastructure	• Enhanced self-sufficiency in communities and at an individual level. • Increased cultural activity and support to artists. • Enhanced level of social services that is incremental to government. • Increased educational opportunities for Basin residents. • Enhanced ability by CBT to meet Basin wide, cross sectoral and/or larger initiatives.
Safe, healthy communities and a sustainable environment	• Greater community stewardship over natural resources and healthier ecosystems. • Enhanced ability by Basin communities to meet their priorities.

SUMMARY FINANCIAL OUTLOOK

Table 1: Summary Financial Outlook 2002/03 - 2004/05				
	2002/03 Forecast	2003/04 Forecast	2004/05 Forecast	2005/06 Forecast
REVENUES				
Deposits and Securities	700,000	300,000	200,000	200,000
Business Loans	1,070,000	1,750,000	2,050,000	2,050,000
Real Estate	252,000	315,000	424,000	424,000
Business interests	-	400,000	500,000	500,000
Power project	13,406,000	5,529,000	6,033,000	6,896,000
BC Development Benefit	2,000,000	2,000,000	2,000,000	2,000,000
Total Revenues	**17,428,000**	**10,294,000**	**11,207,000**	**12,070,000**
EXPENDITURES				
Corporate operations	3,400,000	3,600,000	3,900,000	4,100,000
Delivery of Benefits	3,750,000	3,750,000	5,000,000	7,000,000
Total Expenditures	**7,150,000**	**7,350,000**	**8,900,000**	**11,100,000**
NET INCOME	**10,278,000**	**2,944,000**	**2,307,000**	**970,000**

Key Assumptions	Forecast Risks and Sensitivities	Variances
1. Deposits and securities income: - 3.0% per annum on year end balance	Fluctuating interest rates have a direct effect on the income of deposits and securities, business loan income, and power project income.	Power project revenue is expected to be higher due to the successful commissioning and operation of the Arrow Lakes Power Plant.
2. Business loan income: - 6.5% per annum after providing for a capital maintenance provision of 2%	Power project borrowing rate is affected by fluctuations in interest rates.	
3. Power project short-term borrowing rate is 5%.	An increase or decrease in power project rates could increase or reduce power project revenues.	
4. Power projects: - Interest rate on short term investments is 3.5% - Forecasts do not include Waneta upgrades, Waneta expansion, or other uncommitted projects.		
5. Assumptions underlying these forecasts may change as a result of the outcomes of the cabinet submissions.		

Capital Expenditure Schedule

Fiscal 2003-2006

Consolidated
Capital Spending
(Unaudited, in thousands)

	Actual FY2002	Forecast FY2003	Forecast FY2004	Forecast FY2005	Forecast FY2006
ARROW LAKES POWER COMPANY					
Arrow Lakes Generating Station	46,796	10,788	1,768	78	80
POWER PROJECT PLANNING					
Brilliant Expansion	2,174	9,007	32,979	37,736	11,085
Waneta Expansion	834	450	500	750	950
Waneta Upgrades	13	-	-	-	-
Brilliant Terminal Station (BTS)	412	-	-	-	-
Other Projects	630	63	63	63	63
General Power Project Planning	-	223	200	200	200
COLUMBIA BASIN POWER COMPANY					
Brilliant Sustaining Capital/Upgrades	8,977	10,975	2,028	301	491
Brilliant Terminal Station (BTS)	-	12,828	-	-	-
COLUMBIA BASIN TRUST CORPORATE					
Computers, furniture, equipment	150	200	200	200	200

Arrow Lakes Generating Station

The Arrow Lakes Generating Station will produce approximately 170 megawatts of power capacity and deliver approximately 760 gigawatt hours of electricity annually. Construction was effectively completed in FY2002. This power plan was successfully commissioned in February 2002.

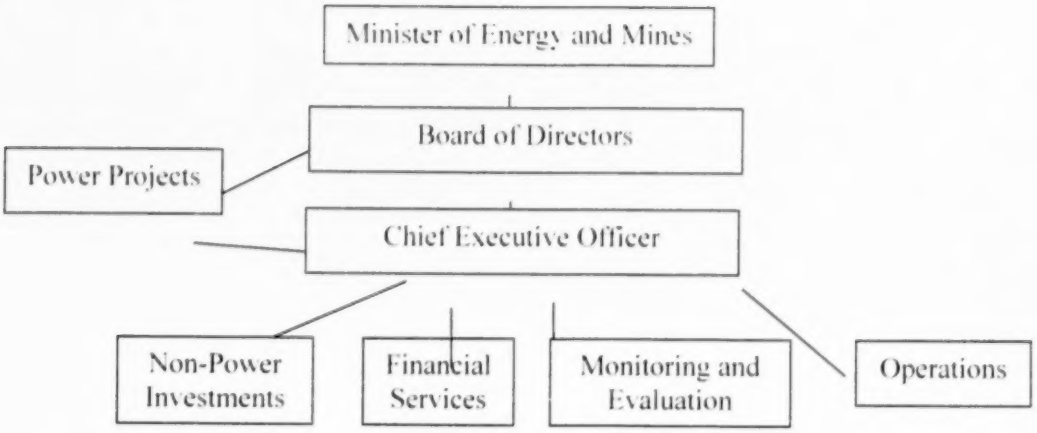
Brilliant Expansion

The proposed $204 million Brilliant Expansion project will see the construction of a second powerhouse at the Brilliant Dam. This project will provide approximately 120 megawatts of power capacity. Tendering for the design/build of the expansion was completed in the fall of 2002. Negotiations with the successful consortium is currently underway.

Waneta Expansion

Using the expansion rights currently owned by CBT/CPC, the joint venturers plan to build a 380-megawatt facility below the Waneta Dam. Environmental studies are currently underway to evaluate the impact of the construction and operation of the dam on white sturgeon and other species. Construction costs are expected to be approximately $300 million.

Appendix A – Organization Structure



Functional Areas

Financial Services	Non-Power Investments	Power Projects	Monitoring and Evaluation	Operations
• Budgeting payroll • Oversees accounting • Investment risk • Management	• Investments of $45M endowment capital in region to best of private practice standards • Keeping endowment fund intact • Providing interest to delivery of benefits program.	• Works in joint venture partnership with Columbia Power Corporation to build, upgrade and expand and maintain power projects owned by the joint venture.	• Design and build planning frameworks and establish and carry out monitoring and evaluation processes for delivery of benefits and corporate areas of responsibility.	• Oversees delivery of benefits program to the region to enhance social, environmental and economic well - being in the basin. • Provides administrative services, staff recruitment, compensation, job evaluation, occupational health and safety. • Oversees corporate communications and information technology functions.

Formatting in this appendix will be made consistent with the rest of the document when final draft is submitted.

Appendix B– CBT Energy Service Plan

Overview of CBT Energy Inc.

CBT Energy ("CBTE") is a wholly owned subsidiary of the Columbia Basin Trust ("CBT"). In 1995, the Province created the CBT to compensate the area most directly affected by the Columbia River Treaty dams. According to the 1995 Financial Agreement with the Province, both the CBT and Columbia Power Corporation ("CPC") would receive $250 million over ten years to invest in the Keenleyside, Brilliant Expansion and Waneta Expansion power projects. The CBT and CPC (a Crown Corporation and agent of the Province) became joint venture partners in 1996, with CPC contracted as the Manager. Since then, the joint venturers have completed significant upgrades to their Brilliant Dam facility, which they purchased in 1996. The joint venture partners have also completed construction of the Arrow Lakes Generating Station.

In order to effectively manage CBT's fifty percent interest in the power projects and to ensure that the CBT had the appropriate expertise to participate in the energy industry, CBT incorporated CBTE in 2000. CBTE supports the mission and vision of the CBT in the energy area and supplies representation on behalf of the CBT to the joint ventures with CPC. Through its oversight of the Manager, CBTE provides the direction of its investments.

CBTE's Board of Directors is composed of CBT representatives and energy industry experts, who ensure that rapidly evolving market conditions are taken into account when business planning. In addition, the CBTE Board of Directors guarantees that CBT uses diverse views to evaluate the opportunities and risks associated with power project investment and management.

Strategic Context

VISION

No final decision has been made with respect to the Province's Core Review of CBT and CPC. In the event that the Core Review process impacts CBTE, this Service Plan will be revisited.

In the future, CBTE envisions a pursuit of development options in the energy industry complementary to its power generation projects, including the provision of support services to large energy users, other utilities and other independent power producers. In addition, given the recent completion of the Arrow Lakes Generating Station and the construction schedule for the Brilliant Expansion, CBTE's focus would shift from power project development to include operation, trading and management.

MISSION

CBTE seeks to develop and manage energy and power related projects, including those identified in the CBT's Financial Agreement with the Province of BC, for the purposes of creating long-term income, bringing social, economic and environmental benefits to the Columbia Basin.

VALUES

CBTE values the following:

- Decision making that adheres to the best of private sector practices.
- Investments that provide competitive rates of return while recognizing associated market risks.
- Dynamic planning processes that take into account market trends and developments.

CBTE's values are also established in the *Columbia Basin Management Plan*, which lists *Guiding Principles for Investment and Spending*. The guiding principle statements may be summarized as follows:

- Include the people of the Basin in decisions that affect their lives and determine their future.
- Respect the rights of others, including the rights of First Nations.
- Bring benefits to Basin residents in addition to those they would otherwise enjoy.
- Focus on the whole Basin and respect the diversity within it.
- Aim for sustainable activities.
- Invest responsibly and use the investment revenue within the Basin.
- Acknowledge and support those who were affected directly by the Columbia River Treaty, without providing compensation.
- Seek equitable outcomes from all the CBT's activities.

Planning Context and Key Strategic Issues

CBTE faces many of the same risks and opportunities as CPC. Risks include perceived lack of transmission access on the BC and US sides of the borders, potential new property tax costs and regulatory challenges. The ongoing BC Hydro Water Use Planning process may also impact the joint venture projects.

As CBTE is assigned to represent the interests of the CBT in the energy area, the company must strike a successful balance between regional interests and the demands of a competitive energy industry.

Strategic Direction

GOAL 1:

Ensure that CPC fulfills its duties and responsibilities as Manager of the joint venture power projects.

Strategies

- Ensure the Manager has appropriate performance measures in place and achieves those performance measures within the targets set.
- Liaise with the Manager to ensure direction from the CBTE Board exists on all key aspects of power project development and power asset management.
- Earn a rate of return on power project investments that is commensurate with the higher returns in the industry.
- Direct the Manager to investigate all feasible alternatives when developing such projects as the Brilliant and Waneta Expansion Projects.

Performance Measures

	Targets		
	2003-2004	***2004-2005***	***2005-2006***

• CBTE reviews business decisions for comparability to those of similar energy industry participants and achieves better than average returns for similar operations/investment portfolios. • CBTE retains sufficient energy industry expertise for its Board of Directors. (Expertise in areas of power project investment and management, electricity trade and natural gas markets.) • CBTE produces an annual Business Plan for the coming fiscal year (reviewed every quarter by CBTE Board of Directors) with clear goals and objectives. CBTE communicates these goals and objectives to the Manager and ensures the Manager follows them. • CBTE updates their Policy Manual, based on energy industry research, setting out clear policy on power project assessment and development, trade and risk management and credit risk management. • CBTE efficiently disperses power project investment returns.	$5.2 million in net income from Brilliant Dam and ALGS power sales.	$6.8 million in net income from Brilliant Dam and ALGS power sales.	$7.7 million in net income from Brilliant Dam, ALGS & Brilliant Expansion Project power sales.

GOAL 2:

Ensure that the CBT Board of Directors is aware of all relevant issues when making decisions that will impact the joint venture power projects and CBTE.

Strategies

- Annually present CBTE Business Plan to CBT Board for approval and brief the CBT Board as required on any forthcoming issues.
- Provide CBT Board with regular reporting on relevant industry activities and trends.
- Liaise with CBT Board and staff when necessary.

Performance Measures

	Targets		
	2003-2004	***2004-2005***	***2005-2006***

• CBT Board of Directors approves CBTE Business Plan for the coming fiscal year.	FY 04-05 Business Plan approved.	FY 05-06 Business Plan approved.	FY 06-07 Business Plan approved.

GOAL 3:

Ensure CBTE Board is aware of all energy industry developments and assesses significance of such developments in the context of the joint venture power projects and the possible expansion of CBTE's portfolio outside power generation projects.

Strategies

- Review and analyze market conditions on an ongoing basis.
- Provide CBTE Board with regular reporting on relevant industry activities and trends.
- Monitor the viability of alternate energy resources for possible investment if such resources are cost competitive.

Performance Measures

	Targets		
	2003-2004	***2004-2005***	***2005-2006***
• Ability to anticipate key market events and impact on the industry. • Market monitoring and market analyzing software effectively utilized within the organization. • Alternate energy resources and opportunities researched and catalogued. • Forward price curve updated regularly and analyzed for accuracy. • Share energy industry analyses with the Manager whenever necessary.	Actual market prices within the 25-75% band on the average.	Actual market prices within the 25-75% band on the average.	Actual market prices within the 25-75% band on the average.

Alignment with Government's Strategic Plan

Like its parent company, CBT, CBTE's Service Plan is aligned with the Provincial Government's Strategic Plan. Like the Province, one of CBTE's central values is accountability to the residents in its service area, the Columbia Basin. CBTE must maintain regional support for its development and management of power projects.

Through the return of income earned by the joint venture power projects to the CBT, CBTE aligns with two of the Province's major goals, a supportive social infrastructure and safe, healthy communities; and a sustainable environment. The CBT's Delivery of Benefits Program returns real social, environmental and economic benefits, earned by its power project investments, to residents of the Columbia Basin. Furthermore, the construction of power projects in the region generates jobs for local workers and income for local merchants.

High levels of Total Gas Pressure (TGP) are a particular problem on the Columbia River. High TGP levels can result in bubbles forming inside fish, causing death. The Arrow Lakes Generating Station, the recently completed Brilliant Upgrades project, and the upcoming Brilliant Expansion project further support the Province's goal of a sustainable environment including by improving TGP conditions in the Columbia River downstream of the projects.

Appendix C– CBT's Telecommunication and Water Initiatives

Although the organizational goals, objectives and key strategies of these two initiatives are covered in general as part of Strategic Area 2- Delivery of Benefits: there may be sufficient public interest in the work being done in CBT's telecommunications and water initiatives to warrant the inclusion of more detailed information on these initiatives. For that purpose we've included here:

- The service highlights and forecast for the Columbia Mountain Open Network whose work we support through funding, staff expertise and facilitation activities and the
- The CBT Board approved water initiatives strategy

A. COLUMBIA MOUNTAIN OPEN NETWORK (CMON): SERVICE HIGHLIGHTS AND FORECAST

Since CMON's incorporation in 2001 the team has focused its efforts and energies on:

1. Raising awareness of CMON;
2. Educating communities and residents to the challenges and opportunities facing the Basin in the context of telecommunications infrastructure;
3. Fund raising for the needed organizational resources;
4. Working with provincial and federal regulatory bodies to enable policy and process that responds to our rural needs and;
5. Supporting communities to access funding opportunities in support of telecommunications infrastructure solutions.

Within each of these focus areas the following activities have been engaged, results obtained and next-steps identified:

Raising Awareness of CMON

Activity	Results	Next-steps Forecast
Establish a point of contact and communication channels with municipal councils, administrators, regional district representatives and directors.	To date, CMON has made presentations to over 60 communities in the Basin via council, municipality and district meetings.	CMON continues to work with community, municipal and regional contacts to further awareness and has an estimated 25 upcoming presentations and meetings calendared.

Providing Education on Telecommunications Infrastructure:

Activity	Results	Next-steps Forecast
Develop and distribute white papers and PowerPoint presentations; publish a newsletter and provide links to information sources in BC, Canada and international.	Development of the SD 20 Pilot Project, potentially involving 3 school districts, 33 schools and 9 communities.	Confirm geographic scope of pilot and begin negotiations for startup. Hold a 'Community Summit' meeting in January 2003 to share information and expand

		stakeholders' commitment and involvement.

Fund-raising:

Activity	Results	Next-steps Forecast
Establish points of contact and provide information and education on the challenges and opportunities for broadband infrastructure in Basin communities.	Notice of Intent (NOI) for SD20 with the Ministry of Science, Competition and Enterprise posted on the BCBid website Nov 15, 2002.	Following closure of the NOI, negotiate the contribution agreement for the pilot, confirm geographic scope and initiate startup in January 2003.
Work with the CBT to establish grant and or zero-interest or low-interest loan programs for potential infrastructure projects in the Basin.	Establishment of the CBT's Community Broadband Planning Program, a matching fund to the Industry Canada BRAND program supporting business plan feasibility studies.	Continue design and development of funding mechanisms to support potential implementation projects.
Work with the Municipal Finance Authority to establish programs and priorities around rural telecommunication financing.	CMON has developed an excellent working relationship with the MFA and has facilitated a relationship between CBT and the MFA to benefit local communities	Continue to develop financing programs that build on the strength of the CBT and the MFA to provide financing tailored to the needs of community networks.

Working with Regulatory Bodies for Enabling Policy and Process

Activity	Results	Next-steps Forecast
Work with the CRTC, provincial and federal ministries, and the Premier's Council on Technology (PTC) to address rural needs.	CMON is registered with the CRTC as a non-dominant carrier, allowing access to all regulated carrier facilities; CMON has retained the former ED of the CRTC as legal counsel and has been provided with strategic advice on many occasions; CMON is acknowledged as a leader in telecommunications solutions by the PTC as identified in their quarterly reports.	CMON will continue close working relationships with existing contacts. These resources will be accessed on a project by project basis as required. Excellent working relationships have been established.

Support Community Access to Funding Programs

Activity	Results	Next-steps Forecast
Research funding program opportunities for application in Basin communities.	Identification of the Industry Canada Broadband for Rural and Northern Development (BRAND) program.	Development of an estimated 3-5 proposals to the first stage, second round of the BRAND fund.
Share information on potential funding opportunities. Provide	Development and submission of 5 proposals, representing	Execution of the 5 first stage, first round proposals.

support and leadership through proposal development and submission to funding mechanisms.	approximately 80 Basin communities to the first round. first stage of the BRAND fund.	Development and submission to the second stage. first round proposals for implementation dollars. Execution of the first stage. second round proposals. Development and submission of the second round proposals for implementation dollars.

B. CBT'S WATER INITIATIVES STRATEGY

Background

The CBT has a significant mandate in the area of water as identified in the CBT Management Plan Goals and Objectives (Goal 6), the Binding Agreement between the Province of BC and the CBT (Sections 6.7 & 6.10) and support and direction from the Basin communities (as indicated by Basin Symposiums and other public consultative initiatives. There is no other body that has a mandate to do this type of work within the Basin therefore the CBT has been identified to assume the facilitator or convenor role around water issues. There is also no comprehensive vision in the basin that incorporates a wide range of values with respect to water.

One of the most significant drivers in water is the potential impacts of the expiration or renegotiate of the Columbia River Treaty (CRT) in 2024. Canada and the United States (US) must give notice on their intentions regarding this treaty before 2014. Basin residents' values and views should be a key part of Canada's notice. Basin residents also have a number of other concerns regarding water therefore the CBT hopes to create a forum that will ensure that long term water quality and quantity issues in the Basin are addressed according to Basin residents' values and views.

Guiding Principles

The following represent the guiding principles that the CBT will follow as it implements this water strategy.

- Be inclusiveness in structure and action: Inclusive consultative approaches, pursuing cooperative ventures and collaboration, inclusive of communities in the basin working in partnership with other agencies/organizations.
- Advocate and support the use of the best information possible: Value technical information however ensure it is used in conjunction with local community information. This is anticipated to be a combination of technical and anecdotal information.
- CBT provides a leadership role in Basin water initiatives & processes in the CBT region: Act as a facilitator/coordinator where necessary. Act as a catalyst/convener where necessary. Not act as a mediator for disputes but rather facilitate or convene processes that may or may not come to a resolution of a dispute.
- Support consensus planning while recognizing this may not always be possible.
- Include monitoring and evaluation: Track the effectiveness of actions to ensure they have the desired effects. Support the use of "State of Reports" as a baseline for this monitoring.

- Support the use of adaptive management: Take action and move ahead while maintaining a constant tracking function that allows for correction or modification if the desired actions are not producing the intended results).
- Support a multi-valued approach: Take into account the social, economic and environmental values of Basin residents in the CBT region.
- Support an "ecosystem" approach to water initiatives: Recognize the interrelationships between the main stem Columbia and it's tributaries as well as between aquatic ecosystems and associated terrestrial ecosystems.
- Support "sustainability" principles.
- Focus on the basin as a whole with an emphasis on the CBT region: Adopt a broad geographic scope on water issues that looks at the Columbia Basin as a whole while focusing in on the Columbia Basin Trusts region and the interest of the residents that live within that region. By doing this the CBT recognizes that we are going to be involved in water management in the following forums (each with their unique characteristics): International, National, Provincial, Regional, and sub-regional.

Goals & Objectives

3 Year Detailed Objectives:

The following summarizes the goals that the CBT intends to undertake over the next ***3 years***. The annual objectives are subject to revision and review each year.

Goal	Strategic Objectives
1. **Improve the understanding of water and water related issues in the Columbia Basin**	**A)** Develop an Education and Communications Plan identifying target audiences, educational material to be developed and delivery mechanisms. **B)** Continue initiatives to create and deliver educational materials on water related issues to various target audiences in the Basin **C)** Deliver on going water related educational material to the CBT Board of Directors and Staff.
2. **Develop & continually improve a strong network of organizations working in water issues in the Basin**	**A)** Identify key players that might work with the CBT to review and refine our Water Initiatives Strategy. **B)** Identify and work towards building an expanded network of organizations to move forward on the Basin Water Initiatives Strategy without breaching the principles identified. **C)** Initiate sub-basin or watershed level plans to help engage basin residents, communities, groups and organizations in water related issues.

Goal	Strategic Objectives
3. Increase Basin Residents voice in Water Issues	**A)** Columbia River Treaty: • Ensure Basin Residents views & values are included in any on-going process to renew, re-negotiate or terminate the CRT. **B)** Prepare the CBT to participate in any process to renew, re-negotiate or terminate the CRT. **C)** Water Comptroller: • Ensure the Comptroller of water rights and the regional manager give adequate consideration to the Columbia Basin Management Plan and the values & interests of Basin Residents. **D)** BC Hydro Water Use Plans: • Ensure the values and interests of Basin Residents are adequately considered at the BC Hydro Water Use Planning tables. **E)** Other Water Quality and Quantity Initiatives: • Ensure the values and interests of Basin Residents are adequately considered in various water initiatives in the Basin.
4. Ensure Adequate resources are available to support the Basin Water Initiative	**A)** Develop annual operational plans that identify the financial and staff resources required to undertake the Basin Water Initiative. **B)** Develop strategic partnerships, which will lever additional resources to the Basin Water Initiative.